

BUDGET, FINANCE & INVESTMENT COMMITTEE

March 5, 2009

5:30 P.M.

Courthouse

MINUTES:

Members Present:

Comm. Bob Bullen
Comm. Joe Frank Jernigan
Comm. Will Jordan
Comm. Robert Peay
Comm. Steve Sandlin
Comm. Doug Shafer
Comm. Joyce Ealy, Chrm.

Others Present:

Ernest Burgess
Teb Batey
Lisa Nolen
Harry Gill
Jeff Sandvig
Gary Clardy
Mark Byrnes

Others Present:

Wayne Blair
Lois Miller
Alan Miller
Paul Huffman
Scott Broden
Josh DeVine
Elaine Short

Chairman Ealy presided and called the meeting to order at 5:30 P.M. with all members being present.

APPROVE MINUTES:

The minutes of the February 5, 2009 Budget Committee meeting were presented for approval.

Comm. Bullen moved, seconded by Comm. Sandlin to approve the minutes as presented. The motion passed unanimously by acclamation.

INVESTMENT REPORT:

Mr. Teb Batey, Trustee, presented the monthly Investment Report advising that the LGIP interest rate for the month was 1.28%. He advised there were two investment transactions during the month. He advised that rates had dropped, and that banks did not really seem to have an appetite for the money.

Following review, Comm. Jernigan moved, seconded by Comm. Sandlin to approve the monthly Investment Report as presented. The motion passed unanimously by acclamation.

FUND CONDITION REPORT:

Mrs. Lisa Nolen, Finance Director, presented the monthly Fund Condition Report for the month ending February 28, 2009, advising that the Development Tax collections for the month were \$51,000. The year-to-date Development Tax collections totaled \$2,148,750. This compared to the same period last year when the monthly collections were \$685,500, and the year-to-date collections were \$3,024,750.

The total fund cash balances at the end of February were \$171,596,421 with operating funds being \$156,820,599 and borrowed funds being \$14,775,822. This compared to February of 2008 when the total cash balances were \$212,276,236 with operating funds being \$172,824,175 and borrowed funds being \$39,452,061. Mrs. Nolen advised that the projected fund balance for the General Fund was \$10.6 million, and the required fund balance was \$11.2 million. She stated that the projected fund balance assumed that all estimated revenues would be collected and that all of the estimated expenditures would be spent.

Comm. Jernigan questioned departments asking for money from the General Fund reserves instead of requesting transfers from within their individual budgets.

The Finance Director reviewed the revenue collections to date advising that in the General Fund building permit collections were still down as well as the fees from elected officials. In the Solid Waste Fund, other local revenue was also down. In the Highway Fund, revenue collections from the State of Tennessee were behind. Transfers to the General Debt Service Fund were behind, because the Development Tax collections were behind.

Comm. Jernigan stated there had been a lot of years when Development Tax funds were used to purchase capital items. He stated he thought that needed to be looked at.

Mayor Burgess agreed and stated that capital expenditures would need to be reduced substantially. He stated that next year it was being projected that no more than one million dollars would be collected from the Development Tax. He stated that the Development Tax Fund still had a fund balance of approximately \$2 million, but that was being drawn down quickly.

Comm. Shafer asked if it was too late to stop some of the projects that were going to be funded with Development Tax collections.

It was noted that the Sheriff's vehicles had been purchased, but that the flyover was not going to take place this year. The cost for the flyover was \$545,000, and this was going to be delayed for one year.

The Finance Director reminded the committee that there was a \$975,000 designation in the Development Tax Fund for debt service. She stated that the committee might want to undesignate it to be used toward capital items for next year.

Comm. Shafer asked how far behind was the revenue collections.

The Finance Director stated that the General Fund appeared to be approximately \$1.5 million to \$2 million behind. The Development Tax Fund appeared to be about \$1 million behind.

Mayor Burgess advised that the permits and land disturbance fees collected from Building Codes and Planning would be approximately \$600,000 behind this year and approximately \$1 million less next year. Mayor Burgess stated that one position was eliminated in the Building Codes Department last year, and another position was being vacated now.

Comm. Jordan stated that the last several years, the ending fund balance was used to balance the budget, and the reserve funds would not be available this year. He stated that a property tax increase would be needed to fund the budget at a status quo level.

Mayor Burgess stated that typically all of the budgets were not spent, but the budgets have been reduced so much, that most of the departmental budgets would probably be spent this year.

Following discussion, Comm. Sandlin moved, seconded by Comm. Shafer to approve the Fund Condition Report as presented. The motion passed unanimously by acclamation.

INSURANCE REPORT:

Mrs. Lois Miller, Insurance Director, presented the monthly Insurance Report for the use and information of the committee advising that the total medical insurance claims for the month were \$2,307,609. The average cost per employee per month was \$604.25. She advised that there were 86 large claims. The dental plan was running steady. The CareHere information reported 1,941 visits, but Mrs. Miller advised that because of the clinic sharing arrangement with Smyrna some of the numbers had been included twice.

Regarding the Worker's Compensation Program, the monthly claims totaled \$112,242.29. The Worker's Compensation Program is running at 138.6% over last years claims.

Following review, Comm. Jordan moved, seconded by Comm. Jernigan to approve the monthly Insurance Report as presented. The motion passed unanimously by acclamation.

RECOMMENDATION REGARDING CIGNA RENEWAL:

Mrs. Miller requested approval of the medical fee renewal with CIGNA effective July 1, 2009. She advised that there would be no increase in the administrative fees as this would be the

second year of a two-year rate guarantee. It was recommended that the stop loss rate pooling level be increased from \$370,000 to \$380,000. Mrs. Miller stated that this was where the large claims came into play. She stated that by increasing the pooling level by 3%, CIGNA would not increase the costs.

Following review, Comm. Peay moved, seconded by Comm. Jordan to approve the renewal with CIGNA effective July 1, 2009 increasing the pooling level for the stop loss claims from \$370,000 to \$380,000. The motion passed unanimously by roll call vote.

RECOMMENDATION TO INCREASE DENTAL RATES FOR OPTION 2:

Mrs. Miller advised that at the beginning of January, 2009, the dental plan was moved from a fully insured plan to an administrative services only, self-funded plan. In reviewing the dental rates, Mrs. Miller advised that Option One could actually be decreased and for Option Two an increase of approximately 10% would be needed. Mrs. Miller recommended that the premium rate for Option One remain the same and that the premium rates for Option Two be increased by 5%, passing all of the increase on to the employee. She advised that Option One was supporting Option Two. She stated that employees either needed to move to Option One or pay for their utilization of Option Two. She advised that the difference in the plans was the out-of-network benefits. Option One pays a better benefit if the employees utilize dentists within the network. With Option Two the employees receive the same benefits as Option One whether the dentists are in or out of network. The employees who are in Option Two are selecting that option so that they can opt out to see an out-of-network dentist and receive the same benefit. She stated that was driving the costs up.

Mrs. Miller advised that there were five new dentists who had joined the network.

Mrs. Miller advised that the Insurance Committee, with the exception of one person, voted in favor of the recommendation.

Following discussion, Comm. Shafer moved, seconded by Comm. Peay to approve the recommendation to increase the dental rates for Option 2 by five percent passing the entire increase to the employee effective January 1, 2010. The motion passed unanimously by roll call vote.

RECOMMENDATION REGARDING DENTAL RENEWAL WITH CIGNA:

Mrs. Miller recommended renewing the dental plan with CIGNA effective January 1, 2010. She explained that 2010 would have been the year that the dental plan would have been bid for the first time, but because the dental program is self-funded now, CIGNA passed on a fee increase. CIGNA had previously advised that the administrative fees would increase by 10 cents per employee; however, CIGNA opted to pass on the increase. Mrs. Miller advised that this amounted to a 4.2% concession from the original quote. Because of that, combined with the fact that Rutherford County changed to an administrative services only plan and also because five new dentists have been added to the plan, Mrs. Miller requested to defer bidding the dental program for one year and accept Cigna's fee renewal proposal. She advised that this was approved unanimously by the Insurance Committee.

Comm. Shafer moved, seconded by Comm. Jordan to authorize the County Mayor to defer bidding the dental program for one year and to accept the fee renewal from CIGNA with no increase to the fees effective January 1, 2010. The motion passed unanimously by roll call vote.

GENERAL FUND BUDGET AMENDMENTS

COUNTY BUILDINGS:

Mayor Burgess requested approval of the following budget amendment to provide sufficient funding to pay utilities for the County Buildings Department for the remainder of the Fiscal Year:

From: 101-39000 – Undesignated Fund Balance -	\$170,000
To: 101-51800-452 – Utilities -	\$170,000

Comm. Bullen moved, seconded by Comm. Peay to approve the budget amendment for the County Buildings Department to provide an additional \$170,000 for utilities as requested.

Comm. Shafer asked what the temperature was set in the buildings. He asked if there was any way to control the temperature. He stated that most people probably keep the temperature in their homes at 68 degrees. He stated that he believed there should be a Resolution demanding that the temperature be kept at no more than 68 degrees during the cold months and at 75 or 76 degrees during the summer months.

Comm. Jernigan stated that he believed that a memo should be sent to all department heads explaining the situation and requesting that they cooperate.

Comm. Shafer asked if every department head could control the temperature in their part of the building.

Mayor Burgess stated there was not much control in the Maple Street Building or in the Judicial Building. He stated those buildings have systems that control the temperature.

Following discussion, the motion to approve the budget amendment for the County Buildings Department to provide an additional \$170,000 for utilities passed unanimously by roll call vote.

Comm. Shafer moved, seconded by Comm. Peay that the temperature in county office buildings be set no higher than 68 degrees during the winter months and no lower than 75 degrees during the summer months.

Comm. Peay stated that he would agree with Comm. Jernigan and recommend that a letter be sent to the department heads and suggest that they implement the temperature restrictions.

Comm. Bullen stated that he believed Mayor Burgess was on top of the situation and that a request be made that the mayor look into it and let them know if a specific recommendation needed to be made. He stated that he believed that the mayor had the authority to handle it. He suggested that the motion be voted down.

Following discussion, Comm. Shafer withdrew the motion, and Comm. Peay withdrew the second to the motion.

Mayor Burgess advised that he had made note of the concerns and he would take the appropriate action.

Mr. Gill advised that someone from the TVA and a representative from Middle Tennessee Electric made a presentation to the school principals about simple things that could be done to save money on electricity. He stated that subsequent to that correspondence was sent to every teacher in the county. It also required that principals make presentations within their buildings about cost-saving measures.

Mayor Burgess requested that Mr. Gill send him a copy of the letter that was sent to the teachers.

CORRECTIONAL WORK CENTER:

Mr. Alan Miller, Correctional Work Center Superintendent, requested approval of the following budget amendment to provide sufficient funding for the Utilities Account:

From: 101-39000 – Undesignated Fund Balance -	\$100,000
To: 101-54220-452 – Utilities -	\$100,000

Following discussion, Comm. Sandlin moved, seconded by Comm. Peay to approve the budget amendment for the Correctional Work Center to provide an additional \$100,000 for the Utilities Account as requested. The motion passed unanimously by roll call vote.

STORM WATER MANAGEMENT:

Mr. Todd Sullivan, Storm Water Department, requested approval of the following budget transfer to provide funding to purchase a Trimble Ranger handheld controller for the GPS unit. He stated that there were new requirements for water testing:

From:	101-57800-348 – Postage -	\$3,400
To:	101-57800-499 – Other Supplies/Materials -	\$3,400

Comm. Sandlin moved, seconded by Comm. Jernigan to approve the budget transfer for the Storm Water Management Department as requested. The motion passed unanimously by roll call vote

SOLID WASTE/SANITATION FUND BUDGET AMENDMENT

LANDFILL OPERATIONS AND MAINTENANCE:

Finance Director Lisa Nolen requested approval of the following budget transfer for the Landfill Department to provide additional funding for the Propane Gas Account:

From:	116-55754-312 – Contracts w/Private Agencies -	\$1,100
To:	116-55754-442 – Propane Gas -	\$1,100

Comm. Jernigan moved, seconded by Comm. Peay to approve the budget transfer for the Landfill Department to provide additional funding for the Propane Gas Account as requested. The motion passed unanimously by roll call vote.

GENERAL PURPOSE SCHOOL FUND BUDGET AMENDMENTS:

Mr. Harry Gill, Director of Schools, and Mr. Jeff Sandvig were present to request approval of General Purpose School Fund budget amendments. Mr. Sandvig requested approval to appropriate a donation in the amount of \$65,700 from the Jennings and Rebecca Jones Foundation to be used to build a stronger Virtual Enterprises International network in Tennessee by providing professional development opportunities to enable participating vocational teachers to develop expertise to assist them in facilitating student learning. Funding also provides training in recruiting and working with business partners:

Increase Revenue:	141-44570 – Contributions/Gifts -	\$65,700
Increase Expend.:	141-71300-370 – Substitute Teachers -	\$20,284
	141-71300-399 – Other Contracted Services -	9,750
	141-71300-429 – Instructional Supplies/Materials -	4,500
	141-72230-355 – Travel -	13,486
	141-72230-524 – In-Service/Staff Development -	17,680

Mr. Sandvig also requested approval of a budget amendment to appropriate a \$25,000 donation from the Jennings and Rebecca Jones Foundation to fund the 2009 Rutherford County Reading Conference:

Increase Revenue:	141-44570 – Contributions/Gifts -	\$25,000
Increase Expend.:	141-72210-524 – In-Service/Staff Development -	\$25,000

Mr. Sandvig requested approval of a budget transfer to reallocate \$3,250 of the approved 2008-09 State of Tennessee Adult Education Grant from other non-personnel funds to Staff Development:

From: 141-72260-599 – Other Charges -	\$3,250
To: 141-72260-524 – In-Service/Staff Development -	\$3,250

Comm. Bullen moved, seconded by Comm. Sandlin to approve the General Purpose School Fund budget amendments to appropriate donations from the Jennings and Rebecca Jones Foundation in the amount of \$65,700 for the Virtual Enterprises International network in Tennessee and \$25,000 for the 2009 Rutherford County Reading Conference and to reallocate \$3,250 of the approved 2008-09 State of Tennessee Adult Education Grant from other non-personnel funds to Staff Development as requested. The motion passed unanimously by roll call vote.

Comm. Jordan recognized the Jennings and Rebecca Jones Foundation for their contribution to Rutherford County Schools and MTSU and noted that their generosity made a difference in children's lives.

Mr. Sandvig next requested approval of the following budget transfer to reallocate \$237,985 from Contracts with Owners to Transportation Equipment to purchase 128 three-camera systems with GPS for school buses based on bid 1802:

From: 141-72710-315 – Contracts w/Owners -	\$237,985
To: 141-72710-729 – Transportation Equipment -	\$237,985

Comm. Bullen moved, seconded by Comm. Jernigan to approve the budget transfer to reallocate \$237,985 from Contracts with Owners to Transportation Equipment to purchase 128 three-camera systems with GPS for school buses as requested.

Comm. Sandlin asked who would be responsible if a student or someone else damaged the cameras since they were being installed on private buses.

Mr. Gill stated that if a student damaged the camera, it would be on film, and the student would be required to make restitution. He stated if damages occurred while the bus was parked in an owner's driveway, the School Board would be responsible.

Comm. Shafer asked what was the purpose of having the GPS systems, who would be monitoring them, and how much they cost.

Mr. Gill stated the GPS would allow the Board to track where the stops were made, the number of miles run, where they went, how fast they were driving, if the drivers were using the turn signal, etc.

Comm. Jordan stated that he supported the program, but he had problems with how it was being implemented. He stated the Board would be installing equipment on an individual's bus, and then the bus owner could trade buses, which would mean someone would have to take the camera off of the old bus and install it on a new bus. He stated that he would rather see the cameras in the bus driver's contract whereby the drivers would provide the equipment when they got a new bus and then the driver would receive some reimbursement. He stated that he knew that would take a long time to implement. He stated that he knew that it needed to be done, but he did not think this was the proper way to do it. He stated that the county did not maintain any other part of the buses, and there would be upkeep that would need to be done to the cameras from time to time.

Mr. Gill stated that would be something the Board could take into consideration in the future.

Comm. Shafer stated that this was caused by parents not raising their children correctly, and the taxpayers were paying for it. He stated that he did not believe it was constitutionally required to provide transportation to school.

Comm. Bullen stated that he would be supporting the request only if the Director of Schools and the School Board Chairman would make a commitment to put on the School Board agenda for a meeting in the future to discuss Comm. Jordan's suggestion that the installation of cameras for school buses be done through the bus driver's contract.

Mr. Byrnes stated that he would be glad to put it on the agenda. He stated that the bus contracts would be coming up for renewal this summer, and he would see if there would be a way to incorporate the suggestion into that process.

It was noted that the request was for installing the cameras on 128 buses, and that 41 buses already had cameras. It was pointed out that the bus contractors provided the cameras that were installed on the 41 buses that already had them, but if the School Board required the cameras, the bus drivers were reimbursed.

Comm. Sandlin, stated that he wanted to amend the motion that the bus drivers would be required to maintain the cameras, but that the School Board would provide the cameras. There was no second.

Comm. Jordan stated that would have to be negotiated, and he did not believe the Budget Committee could dictate that.

Comm. Jernigan stated that he believed the bus drivers had a hard enough time buying a bus and furnishing the fuel. He stated that he did not know if the bus drivers could afford to furnish the cameras. He stated that the county was installing the cameras for its' own protection.

Following discussion, the motion to approve the budget transfer reallocating \$237,985 from Contracts with Owners to Transportation Equipment to purchase 128 three-camera systems with GPS for school buses passed by roll call vote with Comm. Shafer voting "no".

RECOMMENDATION TO MOVE FORWARD WITH CONSTRUCTION OF TWO NEW MIDDLE SCHOOLS:

Chairman Ealy advised that she had copies of two Resolutions going back to June, 2008 whereby the County Commission approved the concept of constructing two new middle schools and converting Central Middle School into a magnet school. A second Resolution was approved in September, 2008 for the funding of those projects. Shortly after the Resolutions were approved, some unprecedented situations occurred in the country. She advised that she and several other commissioners have had requests for more discussion regarding the construction of the two new middle schools and more consideration of the projects.

The Finance Director provided long range budget projections for the General Fund, General Purpose School Fund, and the Debt Service Fund. She explained that she was concerned about the thought process that if the two middle schools were not built a property tax increase would not be needed. She stated that she wanted the committee to disregard that thought.

The Finance Director provided some history regarding the General Fund showing that in 2006, the General Fund realized an increase to the ending fund balance of \$4 million. In 2007, the ending fund balance decreased by \$242,229, and in 2008, the ending fund balance decreased by almost \$4 million. It was projected that 2009 would end the year with a decrease to the ending fund balance of approximately \$6 million. She stated the assumption has been that more revenue would materialize than was being projected and that all of the appropriations would not be spent, so that maybe the ending fund balance would only be reduced by \$3 million instead of \$6 million. She explained that if the actual revenue collections were \$2 million less than budgeted, and if \$2 million in appropriations were not spent, there would still be a net effect of the fund balance being reduced by \$6 million.

Mrs. Nolen advised that she had begun projecting revenue for 2010. She also advised that she and Mayor Burgess had begun reviewing departmental budget requests. At this point, it appeared that the estimated appropriations for 2009-2010 would be approximately \$10.3 million more than the estimated revenue. She advised thus far, salaries for next year remained flat, but that the Longevity Pay had remained intact. At this point, a 21 cents increase in the property tax rate would be needed for the General Fund. She stated that before the mayor made his recommendations at the first of May, she would have the latest assessments. She stated that currently a penny was worth \$502,000.

Comm. Shafer asked if that took the property tax freeze into account.

The Finance Director advised that the information provided did not take that into account.

Mayor Burgess explained that in the budgets that he has reviewed, there would be very few dollars to save in any of the components that were not salaries and wages and benefits. He stated if there were to be any savings or any reductions in expenditures; it would have to come from salaries. He stated he was reserving the right on making recommendations for salary reductions whether that be positions and/or across the board reductions. He stated it would take more than \$10 million on the base salary and benefit costs to equal 20%. He stated there were \$50 million in salaries, wages and benefits. He stated if he recommended a 10% reduction that would only be \$5 million, which would leave one-half of the budget deficit to be made up with a property tax increase. He stated that he would have to put something substantial on the table as a recommendation in the neighborhood of 10% or more. He stated that someone else would have to make the hard decisions, but that is what the commission would be faced with on the General Fund budget.

The Finance Director reviewed the history of the General Purpose School Fund advising that in 2006 the ending fund balance increased by \$2.7 million. In 2007, the ending fund balance increased by \$298,093, and in 2008 the ending fund balance decreased by \$5.5 million. She advised that one reason for the reduction was the purchase of property at \$3.6 million. All of the reductions were due to capital expenditures that were transferred to the School Building Program. The Finance Director asked Mr. Sandvig if he thought that the General Purpose School Fund would have an increase to the ending fund balance.

Mr. Sandvig stated that he thought it would be close, because the School Board had been able to attract more teachers this year with a higher degree and experience, which has used up some of the available funds.

The Finance Director advised that in projecting the revenue and expenditures forward into 2010, it appeared that the ending fund balance would decrease by approximately \$2.4 million. Mr. Sandvig has estimated that it will cost \$1 million to open Brown's Chapel Elementary School, which would reduce the ending fund balance further. This presentation indicated that an additional eight cents on the property tax rate would be needed for the General Purpose School Fund next year.

The Finance Director stated that if the BEP funding were held flat, an additional 17 cents would be needed on the property tax rate.

Comm. Jernigan asked if the school system would receive any money from the stimulus package.

Mr. Gill stated that the only money that the school system would receive from the stimulus package would be dedicated for special education and Title I. He stated there would be restrictions as to what could be done with the money.

Mayor Burgess stated that there would be no money from the stimulus for school construction. He stated there might be some limited money available for K-12 rehab projects.

Mr. Gill stated there would be a significant amount of money going to the governor that he would have latitude over how it was spent. He stated that money might be used to supplement BEP.

The Finance Director next presented information regarding the General Debt Service Fund, which reflected that if both middle schools were constructed approximately \$68.4 million would be needed. She reminded the committee that a Bond Resolution for \$44.6 million had already been approved. She stated if it was the committee's recommendation to move forward with both middle schools, she would request authority to issue a \$23.8 million Capital Outlay Note to complete the funding. She also reminded the committee that a \$10 million interfund note for schools had already been issued bringing the total funding to \$78.4 million. She advised that potentially \$1.1 million of the ending fund balance would be used next year. With this scenario, the fund balance requirement would be met.

The Finance Director pointed out, that the School Board would also be requesting funding for a high school in 2010-2011. With this situation, the Debt Service Fund ending fund balance would be under the requirement by approximately \$4.2 million.

The Finance Director also pointed out that in 2010-11, it would take approximately \$2.2 million to open the two middle schools and \$1.6 million to open the Central Magnet School. Potentially, the school system would need an additional 9 cents on the property tax rate in that year.

Comm. Sandlin stated that one of his big concerns was the operating costs for the two new middle schools, which would hit the county in 2010.

Mr. Gill advised that bids had been received on the Buchanan Middle School, and they were considerably lower than the cost to build the Rockvale Middle School two years ago. He stated he was estimating that by building both middle schools now, it would save approximately \$5 million.

Mr. Clardy distributed information regarding the Buchanan Middle School cost evaluation. The construction cost for the Buchanan Middle School based on the actual bid was \$14,169,000 compared to \$16,808,455 for the Rockvale Middle School. This was a reduction of \$2,639,455. The cost per square foot for the Buchanan Middle School was bid at \$88.56 per square foot.

Mr. Gill stated that he was under the assumption that the DeJarnette school would come in at about the same price. Mr. Gill stated that the School Board felt strongly that the county should proceed with the construction of the two middle schools. He stated there were still 3,000 children in portables. He stated that even though the increase in enrollment had dropped off the last couple of years, there was still an increase of 823 in 2008-09, which was essentially a school. He stated that he did not know if the school system would pick up that many next year or not, but in any event there would still be 3,000 children in portable classrooms. He stated that the county would never be able to build schools as cheap as these two schools. He stated that Central Middle School was on the borderline of becoming a target school. He stated that he believed all of the students deserved to have a middle school opportunity. He stated he knew that times were tough, but he asked the committee to move forward with the two new middle schools.

Mayor Burgess stated that he had reviewed the School Board's enrollment numbers and the constructed capacities at each of the schools including Brown's Chapel. He stated there were approximately 5,000 more constructed seats than there were students sitting in the seats. He stated there were approximately 144 portables that created approximately 4,000 more seats. He stated that there were 9,000 more seats available. He stated there were 649 students in Buchanan, Lascassas and Kittrell that would be going to the two new middle schools plus the number of students that would be zoned from Central to the two new middle schools. He stated that he did not believe that there was a strong over-riding case that the capacity was so burdened that it justified building two new middle schools. He stated it was hard for him to see that there was a critical shortage of seats.

Mr. Gill stated that if the mayor used the BEP formula in his calculations, that children did not come packaged into groups like that. He stated that some Special Education classrooms only had a few students per teacher. He stated that the School Board was not intentionally inflating any numbers.

Following discussion, Comm. Jernigan moved, seconded by Comm. Bullen to move forward with the two new middle schools if the building cost for the DeJarnette Middle School was as low or lower than the bid for the building cost of the Buchanan Middle School at \$14,169,000.

Comm. Peay stated that he also represented constituents from Buchanan, Kittrell, and Lascassas, and the people in his area have been paying taxes for nice schools in Blackman, La Vergne, Smyrna, Christiana, Eagleville, Rockvale, and Murfreesboro. He stated his area was the only area that did not have the opportunities. He stated that the main thing was that they did not have the course offerings. He stated that they were interested in the education for their children. He stated he understood what the mayor was saying, and he was afraid of what the economy was doing.

Comm. Shafer stated that he did not see why the issue of the two middle schools could not wait until the April commission meeting, and then both bids would be received plus there would be another month of revenue collected. He stated that the county was looking at a 40 cent property tax increase. He stated he could not support the two middle schools until all of the information was received.

Comm. Sandlin stated that this commission and prior commissions had been taking steps forward in building schools and trying to get out of the catch up mode. He stated when money can be borrowed at a much lower percentage it is an opportune time to borrow money. Also, the cost of construction at \$88.50 per square foot was a deciding factor. He asked for clarification of the operating costs to open the schools being \$3.8 million. He stated that he believed this area of the county should be brought up to the other schools.

Mayor Burgess advised that the unemployment rate in Rutherford County had risen from 6.7% to 8.4% in just one month. He stated that he did not know how any more tax burden could be put on the citizens. He stated that the county would be faced with critical decisions. He asked the committee for support when being faced with cutting salaries in the General Fund or put it all on the property tax. He stated he thought it was wrong to put more tax burden on the citizens at this critical time.

Following discussion, the motion to move forward with the two new middle schools if the bid for the building cost for the DeJarnette Middle School was as low or lower than the building cost for the Buchanan Middle School at \$14,169,000 passed by roll call vote with Commissioners Bullen, Jernigan, Jordan, Peay, and Sandlin voting "yes"; and Commissioners Shafer and Ealy voting "no".

RESOLUTION AUTHORIZING \$25 MILLION CAPITAL OUTLAY NOTE:

The Finance Director requested approval of a Resolution authorizing the issuance of a \$25 Million Capital Outlay Note. She advised that the documents would be prepared for the commission meeting on March 12.

Comm. Jernigan moved, seconded by Comm. Bullen to approve a Resolution and forward the same to the County Commission authorizing the issuance of a \$25 Million Capital Outlay Note for the purpose of providing funds for the construction of the Buchanan Middle School and the DeJarnette Middle School if approved by the commission. The motion passed unanimously by roll call vote.

2009-10 BUDGET SCHEDULE:

A proposed 2009-10 budget schedule was presented to the committee for approval. The 2009-10 budget overview will be presented to the committee on April 30. The departments of the

General Fund will be reviewed on May 12, May 18, and May 19. The Highway Fund, Solid Waste Fund, and Debt Service Fund will be reviewed on May 21. A joint meeting of the Health & Education Committee, School Board and Budget Committee will be held on May 26 at the School Board Central Office. A recommendation for publication will be made on May 27 for publication in the newspaper on June 7. The public hearing will be held on June 9. The public hearing will be discussed on June 15. Other meeting dates for budget review will be June 18 and June 24. The budget is scheduled to be presented to the County Commission for adoption on June 26 at 9:00 A.M.

The committee agreed to add a meeting on Friday, May 29, 2009 at 5:30.

Comm. Jordan moved, seconded by Comm. Sandlin to approve the 2009-10 budget calendar as revised adding a meeting for Friday, May 29, 2009 at 5:30 P.M. The motion passed unanimously by acclamation.

ADJOURNMENT:

Comm. Shafer stated that as Chaplain of the County Commission, he wanted to offer the commissions' condolences and heartfelt thanks to Lt. Emmert's family and to all of the 269th Military Police Squadron for their service and also to the three soldiers who were wounded.

There being no further business to be presented at this time, Chairman Ealy declared the meeting adjourned at 8:20 P.M.

Elaine Short, Secretary